

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-10 ISO-00 STR-04 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 /112 W

----- 029060

R 061620Z NOV 75

FM USDEL MTN GENEVA

TO USMISSION EC BRUSSELS

INFO AMEMBASSY MANILA

SECSTATE WASHDC 730

C O N F I D E N T I A L MTN GENEVA 8380

E.O. 11652: GDS

TAGS: MTN ETRD EGEN

SUBJECT: PHILIPPINE ECONOMIC NEGOTIATIONS

REF: (A) MANILA 15043; (B) MANILA 15568; (C) STATE 257388;  
(D) MANILA 14346

1. AMEMBASSY MANILA REQUESTED THAT WE PROVIDE TEXT OF  
US NOTE ON US/RP ECONOMIC TALKS TO AMB WILFREDO V. VEGA  
(PHILIPPINE) ASAP. NOTE HAS BEEN DELIVERED TO DFA IN  
MANILA. AMB BEGA IS CURRENTLY IN BRUSSELS, WHERE HE IS  
DEPUTY CHIEF OF MISSION. ADDRESS OF PHILIPPINE MISSION  
IS 200 AVE. FRANKLIN ROOSEVELT, 1050 BRUSSELS. REQUEST  
USEC ASSISTANCE. TEXT OF NOTE FOLLOWS:

2. BEGIN TEXT: THE EMBASSY OF THE UNITED STATES OF  
AMERICA PRESENTS ITS COMPLIMENTS TO THE THE DEPARTMENT OF  
FOREIGN AFFAIRS OF THE REPUBLIC OF THE PHILIPPINES AND  
HAS THE HONOR TO REFER TO THE DEPARTMENT'S NOTE 75-2617  
OF OCTOBER 8, 1975 CONCERNING THE RESUMPTION OF BILATERAL  
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TALKS BETWEEN OUR TWO GOVERNMENTS ON MATTERS INVOLVING

TRADE.

THE EMBASSY NOTES THE PARTICULAR DESIRE OF THE PHILIPPINE GOVERNMENT TO EXAMINE POSSIBLE WAYS FOR DEALING WITH REQUESTED TARIFF ADJUSTMENTS RESPECTING PHILIPPINE MAHOGANY AND COCONUT OIL. THE EMBASSY ALSO TAKES NOTE OF THE INTEREST OF THE GOVERNMENT OF THE PHILIPPINES IN PURSUING DISCUSSIONS ON THESE MATTERS AFTER THE FIRST WEEK OF NOVEMBER 1975 IN MANILA.

THE PROPOSAL OF THE GOVERNMENT OF THE PHILIPPINES TO HOLD DISCUSSIONS ON ONLY TWO ITEMS MENTIONED ABOVE POSES CERTAIN DIFFICULTIES FOR THE UNITED STATES WHICH THE EMBASSY WISHES TO EXPLAIN. AS INDICATED IN TALKS HELD IN JUNE 1974, THE UNITED STATES CONSTITUTION PROVIDES TO THE LEGISLATIVE BRANCH THE AUTHORITY TO SET TARIFFS AND TO REGULATE OTHER TRADE MATTERS. IN THE TRADE ACT OF 1974 THE UNITED STATES CONGRESS DELEGATED TO THE PRESIDENT NEGOTIATING AUTHORITY TO CONCLUDE TRADE AGREEMENTS EMBODYING TARIFF REDUCTION. THIS AUTHORITY WAS PROVIDED TO THE PRESIDENT IN ANTICIPATION OF MULTILATERAL TRADE NEGOTIATIONS, WHICH ARE NOW UNDER WAY IN GENEVA, BUT THE TRADE ACT ALSO PROVIDED FOR NEGOTIATIONS ON A BILATERAL BASIS UNDER CERTAIN CIRCUMSTANCES. IF THE PRESIDENT DETERMINED, FOR EXAMPLE, THAT A BILATERAL TRADE AGREEMENT IN A GIVEN INSTANCE WOULD MORE EFFECTIVELY PROMOTE ECONOMIC GROWTH AND FULL EMPLOYMENT IN THE UNITED STATES, HE MIGHT ENTER INTO SUCH AN AGREEMENT. THE TRADE ACT OF 1974 CONTEMPLATED, HOWEVER, THAT EACH SUCH TRADE AGREEMENT WOULD PROVIDE FOR MUTUALLY ADVANTAGEOUS ECONOMIC BENEFITS.

IN ITS NOTE NO. 765 OF SEPTEMBER 24, 1975 THE EMBASSY PROPOSED THAT CONSIDERATION OF THE TWO COMMODITIES MENTIONED IN THE DEPARTMENT'S NOTE 75-2298 WOULD BE UNDERTAKEN IN THE CONTEXT OF BILATERAL TALKS ON TRADE MATTERS AS PART OF A LARGER NEGOTIATION ON ECONOMIC COOPERATION BETWEEN OUR TWO COUNTRIES. THE EMBASSY BELIEVES THAT THIS APPROACH NOT ONLY IS COMPLIANT WITH THE MANDATE OF THE CONGRESS TO CONDUCT

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NEGOTIATIONS UNDER THE TRADE ACT OF 1974 BUT THAT IT ALSO PROVIDES A FULL OPPORTUNITY FOR THE EXAMINATION OF THE TRADE INTERESTS OF GREATEST IMPORTANCE TO THE PHILIPPINES.

IN LIGHT OF THE FOREGOING THE EMBASSY REITERATES ON BEHALF OF THE UNITED STATES ITS DESIRE TO UNDERTAKE WITH THE GOVERNMENT OF THE PHILIPPINES NEGOTIATIONS

LEADING TO CONCLUSION OF A COMPREHENSIVE TRADE AND INVESTMENT AGREEMENT. AMONG THE MAJOR TOPICS ON THE AGENDA FOR THESE TALKS, THE UNITED STATES WOULD WELCOME A REVIEW OF TRADE ITEMS OF INTEREST TO OUR TWO COUNTRIES, INCLUDING THE PARTICULAR INTEREST EXPRESSED BY THE GOVERNMENT OF THE PHILIPPINES IN THE DEPARTMENT'S NOTE NO. 75-2617 IN DISCUSSION OF COCONUT OIL AND PHILIPPINE MAHOGANY.

THE EMBASSY IS PREPARED, AT THE DEPARTMENT'S CONVENIENCE, TO ENTER INTO DETAILED DISCUSSION OF A POSSIBLE AGENDA FOR THE PROPOSED TALKS AND THE UNITED STATES GOVERNMENT IS AGREEABLE TO CONDUCTING THESE TALKS IN WASHINGTON NOVEMBER 20 THROUGH 26.

THE EMBASSY OF THE UNITED STATES OF AMERICA AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE DEPARTMENT OF FOREIGN AFFAIRS THE ASSURANCES OF ITS HIGHEST CONSIDERATION. END TEXT WALKER

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